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Foreign Labor Trends

Austria

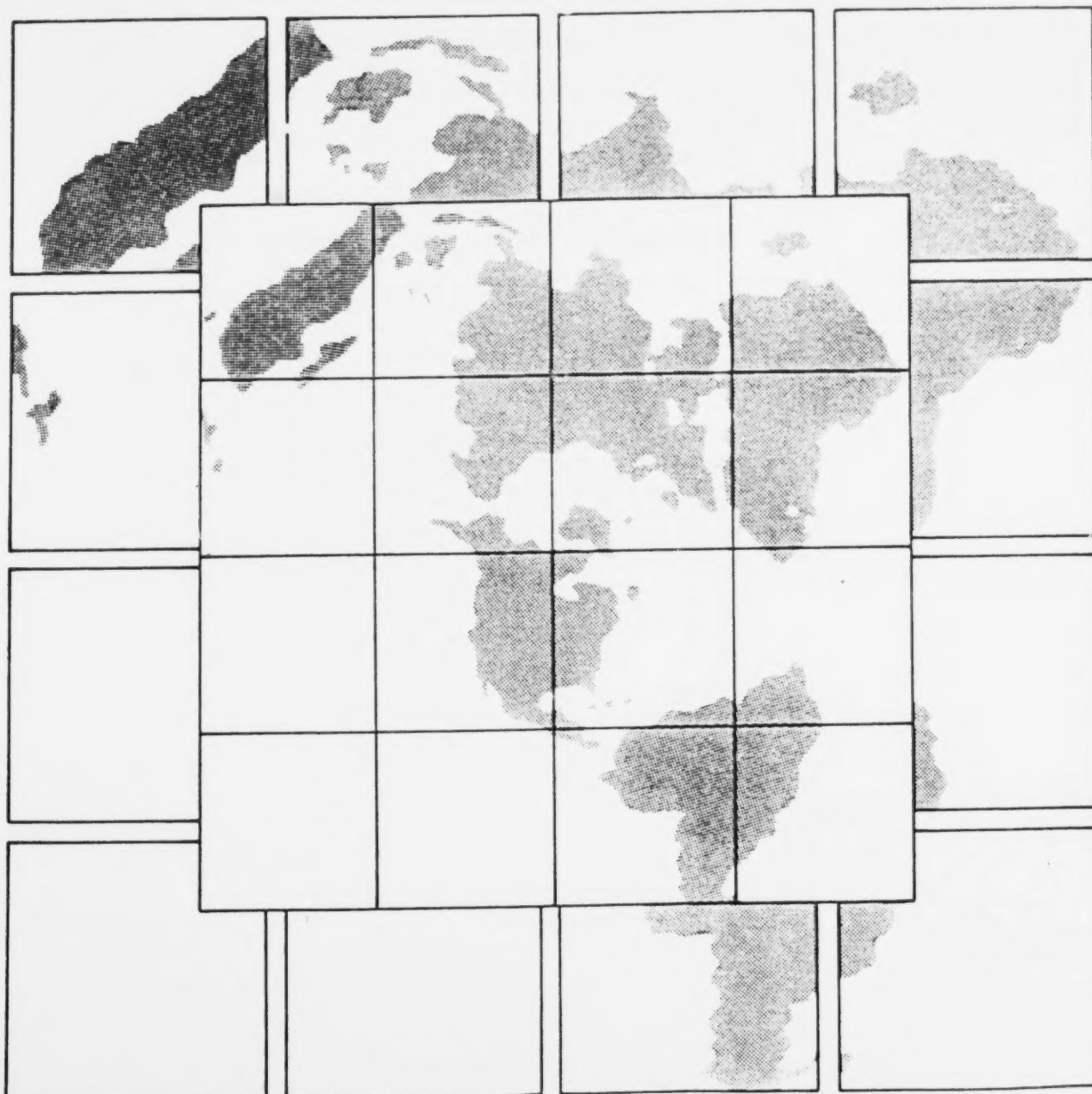


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FOREIGN LABOR TRENDS REPORT

AUSTRIA

1987

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KEY LABOR INDICATORS

	<u>1986</u>	<u>1987</u>	<u>Pct.</u> <u>Chnge</u>
Per capita GNP, current prices (AS, 000): (1\$ = AS12.64)	190.4	196.9	
Population, total (millions):	7,565	7,573	
---, Major minority groups: 15,000 Slovenes 18,000 Croats			
---, Growth rate percent:	0	0	
Percentage of population under 15 years old:		17.9	
Birth rate (per thousand):	11.5	11.3	
Adult literacy rate (percent):		98	
Life expectancy at birth, total (yrs):		74.4	
---, Male: (1984)	70.07		
---, Female: (1984)	77.25		
Labor force, salaried and self employed (millions):		3.2	
Employment, salaried employed (millions):	2.78	2.79	
---, in industry (1985 & 1987):	1.14	1.06	
---, ---, --- (percent)	40.27	38.8	
---, in agriculture (1985 & 1987)	0.037	0.029	
---, ---, --- (percent)	1.29	1.1	
---, in services: (1985 & 1987)	1.63	1.65	
---, ---, ---, (percent)	58.44	60.1	
Unemployment rate (percent):	5.2	5.6	
Labor productivity, mfr.: (percent change)	3.9	3.5	
Work time lost in ind. disputes: (seconds/worker)	83.7	36	
Average hours worked (per week):	35.3	32.5	
Unionization of labor: (000) (1987=60.8 pct.)	1,671	1,653	
Nominal monthly wages: (AS, 000)	18.7	19.4	3.8
Real monthly wages: (AS, 000)	11.6	14.4	3.8
Average disposable income after taxes and mandatory withholding (per year, AS, 000):	139.1	146.7	
Pct. pop. beneath unofficial poverty level:	3.2	3.0	
Change in con. prices during prec. year (percent):	1.7	1.4	
Trade with U.S. - exports (\$ millions):	903.5	964.0	
---, - imports (\$ millions):	858.6	1,126.3	
GDP (AS billions):		1,490	1.0
Price of working hour in industry: (AS)		168.70	
Yearly working hours in industry:	1,751	1,743	

LABOR TRENDS IN AUSTRIA - 1987

THE ECONOMY

1987 economic record and prospects

Economic activity in Austria during 1987 was sluggish. Two factors accounted for cyclical weakness: exports were flat because of the low dollar while the high propensity of domestic households to save promised little stimulus to the economy. Economic growth in Austria for 1987 was calculated at 1 percent. While exports in 1987 increased by some 0.5 percent in terms of volume, the value of exports was some 2 percent below the previous year's figure. Economic indicators for the last quarter of 1987 signaled that the economy had gained some momentum.

Current account: The current account has not posed a problem for Austria since 1982 and forecasts were that it would not do so in the foreseeable future. After a 1986 current account surplus of AS3.7 billion, a 1.1 billion deficit was estimated for 1987, but medium-term forecasts still predicted persistent current account surpluses.

Industrial production: Industrial output dropped between October 1986 and January 1987 by 10 percent but recovered somewhat in the course of the year. In real terms, industrial output was 2.6 percent lower in the period January-September 1987 than in the corresponding period of 1986. The sharpest declines--mainly due to the problems experienced by Austria's nationalized enterprises--were noted in the capital goods sector (down 4 percent between January and September) but could not be taken as typical of Austria's economy as a whole. Real gross domestic product (GDP) was reported as having increased by 1.1 percent for 1987.

Consumer prices: The consumer price index posted an increase of 1.5 percent for the year. The increase in the rate of inflation was due both to a weakening in the downward trend of energy prices and to a quicker pace of price increases in services and industrial products. Food prices remained effectively stable. For 1988, the "Austrian Institute for Economic Research" (WIFO) expected an increase in consumer prices of 2.2 percent, based on the higher fees for public transportation, waste disposal, and utilities effected in 1987 and 1988.

Outlook

Earlier in 1987, an upturn in economic activity both at home and abroad prompted WIFO to up its forecast for economic growth to 1.5 percent for 1988. Then, because of the October 1987 stock market crisis, the forecast was revised downward to one percent. (It is noteworthy that any effects of the stock market crash on the development of Austria's economy would be indirect. In contrast to the United States, share holdings make up only a small part (less than one percent) of private households' financial assets in Austria, and the issuing of new shares does not play a major role in company financing. The Vienna Stock Exchange was affected by the stock decline only to a minimal extent, and direct repercussions on Austria were expected to be very slight).

Investments: The WIFO forecast was for a negative impact on investments due to poorer export opportunities. The current estimate for increase in real investments in capital goods was revised downward from 1.5 percent to 1 percent for 1988. Private consumption increases were expected to slip from 2 percent in 1987 to 1.5 percent for 1988.

Income: Levels of individual income increases during 1986 and 1987 were not expected to continue in 1988. Net per capita income for those employed grew by over three percent in 1986 and 1987 but was expected to decline in 1988.

Imports: The increase in imported goods was expected to be 1.5 percent instead of the 2.5 percent predicted earlier. The trade deficit was anticipated to remain fairly stable at the 1987 level.

Budget outlook: The Austrian Government's budget draft for 1988 took into account its long-term goal of cutting the country's budget deficit by 50 percent by 1992. According to recent figures, the 1987 net budget deficit (AS69.8 billion) remained below the expected AS75 billion, i.e., 4.7 percent of GDP instead of the expected 5 percent. In light of recent figures, the 1988 estimate, which envisaged expenditures of AS518 billion and income amounting to approximately AS447 billion, could also turn out to be more favorable than projected. For 1989, the Government aimed at a further reduction to about four percent of nominal GDP.

INTRODUCTION AND SUMMARY

Key labor concerns in 1987

A year of challenge and new beginnings for Austrian labor, 1987 saw the Austrian Trade Union Federation (ATUF) preoccupied with rising unemployment and with managing the transition in its own leadership from Anton Benya to Fritz Verzetnitsch and his generation. True to the tradition of social partnership, the ATUF bit its lip and threw its support behind the socialist/conservative grand coalition government's austerity course, knowing full well that as a consequence, its membership faced a period of belt-tightening unprecedented here in recent decades. If bringing off a successful retreat is the most severe test for a commander, Verzetnitsch and company cannot complain that they came to power in dull times.

Unemployment: The lists of those out of work continued to grow, though at a slightly slower pace than expected, from 5.2 percent in 1986 to an average 5.6 percent in 1987. This figure, the highest recorded here since 1953, was expected to reach six percent in 1988. Overall, the economy's growth continued sluggish: 1.0 percent for 1987, down from 1.8 percent the year before. "Optimistic" forecasters were predicting no better for 1988. Inflation ranged around 1.5 percent in 1987, 0.2 percent down from 1986.

Nationalized industry: Chronic losses in the great majority of state-owned firms remained a prime national concern in 1987. Early in May the Government earmarked a "last time" federal subsidy of AS33.6 billion for the financially-beleaguered state sector. The firms involved were to be found primarily among the country's traditional but declining smokestack industries, in the first instance VOEST-Alpine, Austria's steel and heavy-engineering giant. The controversial decision to call a halt to further bailouts was vocally contested but finally acquiesced in the ATUF. The Government's resolve, if it could be sustained, was seen as heralding the end of more than a decade of seemingly limitless federal support payments. The enterprises affected were forced to adopt unpopular measures (pension cuts, wage freezes, short workweeks, etc.), or outright work force reductions afflicting the regions where these firms are concentrated with economic crisis.

Privatization: During much of the first half of the year, union efforts were directed at holding off government plans--agreed between the Socialist Party of Austria (SPO) and the Austrian People's Party (OVP) in their coalition pact--to privatize large segments of the state-owned sector. While the union forces were unable to derail these plans, they succeeded in

pushing through a commitment to retain in federal hands 51 percent of the shares of the enterprises in question. Other areas which the Government had earmarked for gradual privatization included the national oil and gas company, Austrian Airlines, the state-owned banks, and public utilities.

The measures actually put into effect by the Government in 1987 were hardly much more than a first step toward denationalization. Perhaps more significant than the concrete actions taken was the fact that the discussion of the whole issue worked as a catalyst to swing public opinion gradually toward wider support of denationalization in place of the long-standing acceptance of the supposed virtues of government ownership.

Labor-government relations: In the wake of the Government's belt-tightening policies, labor-government relations in 1987 were subjected to greater tensions than usual. Although the unions had pledged their basic support for the reform program, they continued to lobby against indiscriminate retrenchment measures. In this connection, the argument most frequently heard from labor was that sacrifices could not be left to fall willy-nilly, where they would, but rather had to be shared equitably through government intervention among all segments of society. In this way labor was able to turn back some of the less-than-well conceived "grand-scale reform programs" with which the coalition had come into office in January 1987. On the other side of the coin, some critics felt that what was left was a series of ineffective patchwork reforms. To demonstrate its sensitivity to the pain of those being laid off, the ATUF raised its voice regularly in complaint at the "insufficiency" of the Government's efforts to fight unemployment, particularly that of the youth and the long-term unemployed, and to succor those out of work.

In late 1987, the Government's U.S.-style general tax reform project became another critical testing ground. The OVP, the junior coalition partner, opposed details of the reform which the unions passionately wanted. Labor, for its part, called on its traditional ally, the SPO, to implement its views in government councils. The result was a month-long deadlock between the two parties and, behind the scenes, hints of friction between the ATUF leadership and the Government.

Social partnership: Despite visibly mounting tensions resulting from both a strained job market scene and unaccustomed cuts in fringe and other benefits, the Austria's cherished system of social partnership--the time-honored extra-legal economic decision-making machinery used by labor, management, and government to settle labor conflicts--functioned smoothly

throughout 1987. Strike time increased from 33 seconds per worker in 1987 to 83 seconds in 1987, but as usual was much lower than the volume of labor-management controversy (up a little in 1987) would have suggested. The calls by some industries for zero wage increases in 1987 did not result in the "hot autumn" (of wage negotiations) which many observers had predicted. Instead, timely compromises around the negotiating table preempted many confrontations. In what unions praised as an impressive showing of labor discipline in the national interest, the unions settled for extremely modest wage rounds in almost all sectors.

Further reduction of weekly work time: Labor's determined march toward the general introduction of the 35-hour workweek loomed large as a source of future conflict and had potential to test Austria's social partnership to the core. While the unions kept pushing toward adoption of such a regime in all sectors by 1991, the management side declined to agree even to place the issue on the agenda.

Store Hour Legislation: A related issue was the usual impasse over proposals to modify Austria's rigid store-closing legislation. Again in 1987 the unions and retail management failed to register progress toward a solution, while an increasingly irritated public looked ahead to 1988 for some evolution toward more liberal, consumer-oriented shopping hours. (In fact, in late spring of 1988 both sides agreed to implement a slightly relaxed store-closing legislation as of September 1, 1988.)

Social welfare on the defensive: In the face of government austerity and unfavorable demographic developments, Austria's 1987 social welfare system had to beat a retreat on various fronts. For much of the year, public discussion centered around a long-needed overhaul of Austria's pension system. However, the pension reform draft originally submitted came under fire from the lobbies affected. What emerged was a patchwork version of a reform. All observers agreed that this meant that Austria's pension system would have to undergo another, more far-reaching revision in the near future.

Other impacts of austerity included the elimination of the AS15,000 onetime wedding bonus, more restrictive management of the children's welfare allowance, and an across-the-board increase in workers' unemployment contribution payments, as well as a series of other cuts in public welfare outlays.

In general, the reforms adopted in the social policy sector in 1987 were relatively painless as far as the mass of Austrians were concerned. As the year ended, an overall pessimistic

economic outlook augured further and more painful cutbacks ahead. (With the unexpected upturn in the economy by mid-1988, such fears looked somewhat less justified).

European Communities (EC) integration--a new issue: While the rest of the Austrian body politic was engaged in a lively discussion over EC integration, Austrian labor in 1987 maintained a fairly low profile on the issue. Backstage, however, there were indications that Austrian labor was viewing the prospect of full EC membership with mixed feelings. The ATUF set up an interunion task force to assess the possible effects of such a move on Austrian labor's interests. While sharing the broad view that closer ties with the EC were a practical necessity for Austria, some in the ATUF leadership were concerned about the implications of full membership for the operation of social partnership as well as its likely impact on those areas of social and environmental legislation where Austrian standards exceed those of the EC.

ATUF congress: The ATUF's quadrennial congress was the major labor event of the year. In policy terms, the congress's overall message was one of commitment to fight rising unemployment and determination to continue working towards general introduction of the 35-hour workweek. Reflecting the ATUF's status as one of the country's key institutions, Austria's political, economic, social, and religious elite were in attendance. Speeches by outgoing ATUF President Benya and Chancellor Vranitzky outlined the achievements of the trade union movement since 1945 and pledged the country's continued commitment to unionism. Workers' protests outside the congress hall indicated, however, that the moment was one of unusual strain for the ATUF. Job losses, especially in the ailing nationalized sector, and interfraternal jealousy reflecting the varying fortunes of the federation's unions, somewhat overshadowed the optimism expressed in congress rhetoric.

New ATUF Leadership: The year 1987 marked a watershed in Austrian labor history. After 25 years at the head of the Austrian Trade Union Federation, Anton Benya, Austria's George Meany, stepped down and was succeeded by 42-year old Fritz Verzetnitsch. Verzetnitsch's appointment was broadly greeted as a wise move to rejuvenate the leadership. The new ATUF leader had been bred in Benya-style unionism and was counted on to continue his predecessor's policy of solving labor conflicts at the negotiating table. But former plumber Verzetnitsch comes from a new generation and, by virtue of age and background, is expected to be a more dynamic and cosmopolitan figure. While his election was a demonstration of broad grass roots support, the fact that he did not come out of one of the major unions could turn out to be a disadvantage. At the end

of the year, it was clear that the challenges faced by Verzetnitsch lay in 1988 and beyond. Other top ATUF executives passed from the scene and were succeeded by young technocrats of Verzetnitsch's generation.

U.S.-Austrian labor relations: Neither the AFL-CIO nor any other representative of U.S. labor attended the ATUF's October congress. Although the fault could be laid to an evidently innocent mix-up over the invitations, the absence of the AFL-CIO was a real disappointment. As the year ended, however, there was evidence that President Verzetnitsch had made reinvigoration of ties between his federation and the American unions a major item on his international agenda. By the same token, there were signs that Verzetnitsch, while ready to continue the ATUF's established contacts to the official unions of eastern Europe and the Soviet Union, had no desire to continue Benya's often provocatively high-profile attention to the "unions" of the government in Warsaw.

UNEMPLOYMENT AND EMPLOYMENT

Unemployment upward trend continues

As forecast, in 1987 unemployment continued to grow, averaging 5.6 percent for the year as a whole, up 0.4 percentage points from 1986. In absolute figures, an average 164,468 people were unemployed, 12,496 more than in 1986. Work force reductions in the troubled nationalized industries, low productivity increases, and declining export figures (due to the appreciated Austrian Schilling) are cited as the main reasons for this trend. Economic experts expected unemployment to rise to the vicinity of six percent in 1987.

The grim unemployment picture was understandably a major focus of attention for Austrian politicians and labor leaders. Jobless rates of this scale had not been experienced in Austria in over 30 years. The shock was all the greater after more than a decade of Socialist policies directed at keeping employment high at almost any cost. Austria, in fact, had become accustomed to unemployment figures between one and two percent.

As in other countries, the argument has been made that the unemployment statistics, high though they were in the reporting period, failed to adequately reflect the actual scale of the problem. For one thing, the sluggish rate of economic growth suggested to some analysts that the real rate of unemployment was actually higher than the official rate. If not for those "discouraged" job seekers, particularly women and young people who had dropped out of the market and were consequently not

captured in the statistics--the "hidden unemployed"-- these analysts claim the real unemployment rate would have passed the six percent mark. Other factors having an impact in holding down the unemployment figure included early retirement (Austria holds an international record there), the absorption of laid-off workers in continuing education/retraining programs, and the use of more restrictive accounting standards by the unemployment authorities, as well as a smaller influx into the job market of first-time job seekers because of the demographically reduced cohorts coming of age in Austria. It was also clear that an effort has been made to retain workers in the nationalized sector beyond the level needed on a strictly business basis.

Record unemployment - record employment: While the total of the unemployed was rising, so was that of the employed. Out of a population of roughly 7,550,000, an average of 2,783,118 workers had jobs, i.e., 36.9 percent of the population; in absolute terms, 2,918 more than the average number for 1986.

Employment picture in December 1987: At the end of December 1987, 2,745,000 people were employed in Austria (1,607,000 men and 1,138,000 women). At the same time, 6.8 (unadjusted) percent were unemployed (201,000), 0.32 percentage points fewer than in December 1986. The year-to-year (December-to-December) decrease is mainly attributable to fairly good year-end weather in 1987 which enabled many firms in the construction industry to continue operations through the beginning of the cold season.

Unemployment and austerity: The employment/unemployment picture was also negatively affected by Austria's government austerity policy. Social Affairs Minister Dallinger faced the challenge of having to trim his ministry's budget--with consequences that were bound to adversely affect the various job-creation programs administered by his ministry. Admittedly, some of these programs had been criticized as ill conceived, mismanaged, and widely exploited by "social parasites". But, in the eyes of the ATUF, the rise in unemployment was of overriding concern and required effective countermeasures. While unhappy at the cutbacks in job and other social programs, the ATUF pushed a reduction in the workweek as its preferred means of dealing with unemployment.

Regional differences: In 1987 unemployment was again higher in eastern Austria and less a problem in the west, where export-oriented businesses profited from proximity to the bullish West German and north Italian markets. Since the start of the crisis in the nationalized steel industry, the "smokestack valleys of Styria" had become an area of above-average unemployment. The same was true for the area

around Linz, the headquarters of the financially beleaguered state-owned steel giant VOEST and "CHEMIE Linz" (a VOEST subsidiary dealing in the pharmaceutical sector). Isolated pockets of unusually high unemployment were also found in the predominantly rural areas of Burgenland and Carinthia, where the number of job seekers reached as high as 18 percent.

Structural shortcomings: A shortage of skilled workers and increasing numbers of unskilled workers remained one of the troublesome characteristics of the Austrian labor scene in 1987. Enterprises, particularly those in rapidly changing technical fields, complained regularly about the lack of appropriate skilled labor resources. While the ATUF and the employment authorities were well aware of the need to adopt appropriate measures, changes were slow in coming.

Growing service sector: The reporting period showed a further, steady increase in service sector employment. Currently at 56 percent, the service sector is expected to account for 62 percent of all jobs in 1995.

It is estimated that the share of women in the work force (currently 41 percent) will rise to 43 percent over the next few years.

Employment Programs: In 1987 the part of the Social Affairs Ministry's budget devoted to employment-related purposes totaled some AS24 billion compared to AS22.2 billion in 1986. The bulk of these expenditures went to unemployment benefits (over AS16.6 billion); some AS3.5 billion were earmarked for subsidizing jobs that would otherwise have been eliminated, or for job creation programs.

Declining youth unemployment: Youth unemployment in 1987 was on a generally downward trend, averaging 6.6 percent for the year. By the end of December 1987, 56,032 (6.8 percent) of young people were registered as unemployed, down 6.5 percent compared to December 1986. Persons aged 19 to 24 years of age represented the overwhelming share of unemployed youth. The decrease was mainly attributable to demographic developments (fewer young people entering the job market) rather than to government intervention. The number of unemployed people under 25 years of age ranged around 47,000, i.e., 28.5 percent of the total unemployed. According to WIFO, this share will continue to decrease to an estimated 16.7 percent by 1995.

Forecasts: According to a study by the Ministry of Social Affairs ("Looking ahead to developments in the labor market by the year 2000"), the one percent economic growth predicted for 1988 would do nothing to alleviate the tight situation in the

labor market. The Social Ministry, therefore, expected unemployment in 1988 to rise to 5.9 percent. As 1988 began, WIFO lowered its unemployment forecast for 1988 from 6.5 to 6.1 percent. With unemployment rising, the Social Affairs Ministry's unemployment/employment-related expenditures would grow from AS3.5 billion to around AS4 billion in 1988. Assuming the Government would continue to pursue its austerity policy in the coming years--as laid out in the coalition pact--the unemployment figure was expected to swell to seven to eight percent by the early nineties, the more pessimistic economic forecasters feared. (As matters turned out, in 1988 the economy has been more buoyant than expected and the outlook for employment not nearly so bleak as it seemed in 1987).

Foreign labor: The number of foreign workers ("Gastarbeiter") in Austria continued to rise in 1987. There were about 1,000 such additional job holders, a 2.13 percent increase over December 1986. In absolute figures, 148,886 (5.42 percent) of Austria's 2,744,816 non self-employed work force are "Gastarbeiter". The largest group came from Yugoslavia, followed by Turkey and West Germany. (Estimates on unregistered/illegal labor--especially from Hungary, Poland, and the CSSR--speak of an additional 10,000 foreign workers). Labor officials feared that the abolition of the visa regulation for Polish citizens would promote a further influx of illegal workers into Austria.

Political implications: Early in 1988 Joerg Haider, leader of the Freedom Party of Austria (FPO), drew considerable criticism from the SPO, Green, and Catholic activists when he made a pointed comparison between the number of foreign workers in Austria (roughly 150,000) and the number of unemployed Austrians. He suggested the former were taking away jobs from the latter. Haider's statements were attacked as right wing rhetoric and dismissed as completely unfounded. The existing evidence indicated that few Austrians are willing to perform the jobs that are the typical lot of foreign workers. In fact, the shoe appears to be on the other foot. In some regards, Austrian labor legislation still disadvantages guest workers. Like Austrian workers, "Gastarbeiter" have to pay a set amount into the social security system. However, they are not entitled to the full range of benefits. For example, they cannot draw "emergency payments" normally provided after a worker is no longer entitled to unemployment benefits.

New legislation on foreign labor: In an effort to discourage firms from hiring illegal immigrants, parliament worked out an amendment to the 1975 "foreign labor employment law" which was to take effect on July 1, 1988. The new legislation provides for higher fines (up to AS240,000 per non-registered worker)

for firms illegally employing foreign labor. In addition, the law entitles illegally employed foreign workers to fringe benefits (severance payments, vacation bonuses, etc.), a move which is likewise designed to make illegal employment less attractive for the hiring companies.

Other legislation, governing the conditions under which "Gastarbeiter" and their offspring obtain work permits in Austria, was also liberalized. Some Socialist politicians have proposed that "Gastarbeiter" be granted the right to vote.

SOCIAL WELFARE POLICIES: GOVERNMENT AUSTERITY TIGHTENS THE WELFARE SYSTEM

Social security budget

Total social welfare expenditures for 1987 increased by 0.7 percent over 1986 to AS412 billion or 27.7 percent of GDP. Experts of WIFO have predicted that figures for 1988 will more or less continue the rhythm that has prevailed over the last 3-4 years. The objective again in 1987 was to push back social policy outlays to around 27 percent of GDP. These outlays included transfer payments such as monthly allowances for children, and birth and wedding bonuses as well as general welfare assistance; federal subsidies to the national pension system accounted for the bulk of outlays.

Breakdown of total 1987 national social welfare expenditures in billions of Austrian shillings:

Pensions	201
Health	60
Education	69
Family subsidies	37
Job market	18
Accident	6
Various	21
Total	412

Social welfare expenditures relative to GDP
(in percent) between 1977 and 1987:

1977	24.5
1980	25.9
1983	27.1
1984	26.8
1985	26.9
1986	27.0
1987	27.7

Cut benefits and axed programs

The Government's continued frugality in doling out social security payments must be seen in the context of its efforts to restore the country's ailing economy. During the 1970's, Austria's socialist-dominated governments progressively expanded the welfare system. The result was a comprehensive system of benefits that some critics described as bloated. Recent years have witnessed a cautious but steady retrenchment in that generous tradition. In 1986, and even more so last year, Austria's welfare system has been challenged. Faced with a reduced budget for 1987 and 1988, the Social Affairs Ministry has been forced to streamline or cut individual social programs and benefits.

- One such program which was phased out in 1987 was the so-called wedding bonus for newlyweds. Introduced under a Socialist government in the early seventies, it provided first-time married couples with AS15,000 as "start money". After a final rush to the altar late last year, the program was discontinued as of December 31, 1987.

- Another measure concerned children's allowances which were granted to all nonemployed dependents up to the age of 27 (AS1,200 for children aged under 10 years; AS1,450 for children aged 10-27). Starting January 1, 1988, the entitlement age was reduced to 25, a measure which mainly affected university students. Following an outcry from the student community, the legislators built in generous transitional measures and exceptions for those aged above 25.

- An important revenue-producing measure was the raising of unemployment insurance contributions by 0.8 percent effective January 1, 1988.

- The maximum monthly salary used as the basis of calculation for a worker's (monthly) health insurance and pension premiums (2.5 percent and 10.25 percent respectively) was raised from a current AS21,000 to 27,600 effective July 1, 1988.

- Pension reform (see below), involving a postponement of annual pension increase (from January 1, 1988 to July 1, 1988), figured among the most controversial measures in this field in 1987.

Problems of the pension system

Federal contributions to the pension system accounted for 30.6 percent (AS51.5 billion in absolute figures) of the total last year. This was the highest amount in the last decade.

In 1987 monthly pensions in Austria averaged AS6,587 for blue collar workers and AS10,303 for white collar employees. For the year, pension payments were raised by 2.3 percent. As part of the pension reform (44th amendment), the effective date for the increase was postponed from January 1, 1988 to July 1, 1988.

Social Affairs Minister Alfred Dallinger's "grand design" for a comprehensive overhaul of the country's strained retirement payment system was a central issue in 1987. Unfavorable demographic developments and the Government's commitment to budget austerity increased the pressure on Dallinger (SPO) to undertake a reform of the pension system again last year after previous adjustments in 1985. The 1987 reform was designed to secure future funding of the pension system and to freeze the Government's share of the costs at around 30 percent. Calculations showed that, otherwise, the Government's share would swell to 37 percent or AS92 billion by 1995--compared to some 52 billion spent in 1987--and thus undermine the Government's overall goal of reducing the budget deficit.

On November 3, 1987, the Austrian cabinet approved a series of proposals to cut certain pension payments. The planned cutbacks, expected to save AS5.3 billion in state expenditures in 1988, were preceded by months of intense public controversy that forced Social Affairs Minister Dallinger to take the edge off some of the originally planned reforms. The amendments took effect January 1, 1988.

Among the changes is the postponement of annual cost of living adjustments (2.3 percent for 1988) originally scheduled for January 1, 1988. The raises were to be put off to July 1, 1988.

Pensions are now calculated on the basis of an employee's final 10 years of service. This will be expanded to 15 years. In addition, the crediting of up to 6 years of high school and university study toward one's pension will be eliminated.

Legislation to reduce the amount of money a retiree can receive from multiple pensions (see also below) exceeding AS14,000 per month has been vigorously opposed by women's organizations fearing cuts in survivors pension payments and has been put off until sometime in 1988.

The many different pension systems, which have to be subsidized to varying degrees by the federal budget, represent another major problem for reformers. While government outlays constitute only 10 percent of blue collar pension payments, 68 percent of the civil service pension system is covered by the federal fisc.

As Dallinger began efforts to "harmonize" the many disparate pension systems, the civil service, widely believed to enjoy privileged pension regulations, came under particular attack. Remarkably, the ATUF leadership endorsed the call for general reform, adding that the civil service had to pay its share too. The Government also set up a task force to negotiate a downward adjustment in the similarly privileged railway workers pension system, an idea which found wide public support but has been fought bitterly by the railway workers union.

While there is widespread agreement that a basic overhaul of Austria's pension reform is imperative sooner rather than later, the Government's vacillating approach during the second half of 1987 left the Austrian public in a state of confusion and, for those who might be affected, apprehension. To some extent, such sentiments have been fostered by SPO Social Affairs Minister Dallinger's uncertain groping for pension funding alternatives. One proposal was for a switch from employer contributions based on the number of personnel employed to assessments based on value of production. Another was Dallinger's suggestion that, in the long run, the retirement age had to be raised (see below).

Predictably, the perceived assault on Austria's sacred welfare cows elicited strong grass roots opposition, culminating in SPO women's leader Jolanda Offenbeck's call for Dallinger's resignation. Dallinger's moves against the present system were criticized by the opposition FPO, which launched a floor attack on the controversial measures. Aware of the political exploitability of any proposal to diminish benefits, the Vienna section of the FPO made criticism of the Government's pension reform its lead issue in the November 1987 Vienna city election campaign. The "Greens" likewise focused on the Government's plans, denouncing them as a lopsided, unfair assault on low-income Austrians. Public antipathy toward the consequences of any pension cuts served as catalyst for the 30,000 demonstrators who protested on October 24, 1987 against retrenchment of social welfare programs.

Raising the retirement age: Given the escalating funding problem of Austria's pension system and the looming demographic crunch as more retirees are supported by a smaller work force, the idea of raising the retirement age (currently 60 for women and 65 for men) was increasingly pushed by Dallinger and other reformers. The suggestion most often heard was that the normal retirement age be raised to 67 or 68.

Pension improvements for Nazi victims: As part of the 44th amendment to the General Social Insurance Law effective January 1, 1988, social insurance eligibility was extended for "individuals who emigrated between March 4, 1933, and March 31, 1959, because of political, religious and ethnic persecution".

Nationalized industry considers cutting company pensions: The attacks on workers' benefits escalated, leaving many workers in the nationalized industry without their company pensions by the beginning of 1988. In a series of announcements in the fall of 1987, the financially hard-pressed nationalized companies (VOEST, VEW, Chemie Linz, etc.) told their employees they would discontinue contributions to employee pensions by the end of the year as part of the effort to stem the flow of red ink. (It should be noted that these pensions are supplementary to the regular, national system).

Most of the generous pension provisions in the nationalized industry stem back to the years of big profits prior to the advent of the worldwide steel crisis in 1975. Over the following decade, these "promises" had become a near lethal burden for the unified state-owned sector. With the breakup of the nationalized industry in 1987 into smaller, independent units, many of the firms involved were suddenly faced with the problem of who would take over the pension burden. Despite vociferous labor opposition, company pension benefits were cut. The issue is currently the subject of several suits brought by the employees against their former employers.

Health insurance - hospital reform - escalating costs

Austria's health insurance system, the second pillar of Austria's social insurance system, was also affected by the Government's budget austerity program in 1987.

Faced with the task of raising an additional AS2 billion necessary to cover the projected costs to run the country's hospitals, the coalition partners passed a law which put a twofold financial burden on the Austrian taxpayer: (1) the basis of calculation for (mandatory, public) health insurance premiums was upgraded from AS21,600 to 27,600; and (2) hospitals introduced a lump sum payment of AS50/day to cover patients' meals. The new regulations took effect on July 1, 1988.

In addition, the reform strives to end the Government's traditional practice of covering any deficits run by public hospitals through federal subsidies.

LEADING LABOR THEMES

Collective Bargaining

Sector wage and salary scales worked out in industry branch-wide collective bargaining agreements rose by an average of 3.5 percent in 1987. Counting these increases and supplementary raises within companies, employees' gross earnings increased by 3.6 percent last year. Blue collar workers' sector wages moved upward by an average 3.7 percent, followed by those of the salaried employees (3.6 percent), and civil servants (3 percent).

The comparatively modest wage hikes of 1987 appear to have been an outgrowth of consensus pursuit of two goals: reducing the budget deficit and cutting annual inflation from 3.2 percent in 1986 to 1.5 percent last year. The year's sluggish economic growth gave management a strong argument for wage restraint. Some employers began the fall bargaining with a call for zero wage increases across the board. As matters turned out, the unions largely agreed on the need for patience and were quick to strike a deal with the business side. As all observers of the labor scene agreed, in June the social partners (labor and management with government as intermediary) concluded a behind-the-scenes arrangement to support the Government's retrenchment policies. Shortly thereafter, the ATUF leadership came out in public with a statement reflecting "basic" agreement with the Government's efforts.

Metalworkers: In the first of the fall wage rounds, the 200,000-member metalworkers union and steel industry management agreed to a 2.8 percent increase in the industry-wide minimum rates by job classification and to an increase of 1.75 percent for the majority of workers receiving more than this minimum. The increases took effect starting November 1, 1987. Wage agreements in this sector normally set the trend for other industries.

Labor representatives conceded that the near bankruptcy of the nationalized steel industry--which employs 60,000 of the 200,000 metalworkers--precluded heftier wage hikes. Last year's bargaining was concluded in record time largely because controversial issues such as a further reduction of working hours and flexitime--the prime stumbling blocks in the previous year's cliff-hanger negotiations--were not on the table. The substantial wage increases granted in 1986 (2.5/3.5 percent respectively), further layoffs anticipated in the steel industry, and calls for wage reductions and/or a 3-year wage freeze combined to encourage the union to cut its losses and strike the best deal it could.

Nevertheless, these increases represented an additional AS135 million in annual labor costs for the ailing nationalized industries (VOEST-Alpine, VEW, and STEYR-DAIMLER PUCH) which can ill afford them.

Civil service: Wage negotiations for Austria's 800,000-member civil service were drawn out by the Government's initial call for a roll back in previous wage hikes. Hard pressed to demonstrate wage discipline in the national interest, the civil service eventually had to settle for an unprecedentedly modest across-the-board increase of AS330 per employee per month. Moreover, this raise would not take effect until July 1, 1988, and would not apply to top-ranking civil service officials whose wages were to remain frozen. (This was an obvious move by the top ranks of public officials to take the steam out of the public debate about the "outrageous privileges" enjoyed by this group, particularly at a time of high unemployment in the private sector and the nationalized steel industry). The agreement further provided for an increase in employee pension contributions of 0.5 percent, i.e., to 9.5 percent of gross salary, which is still below the 10.25 percent share paid by employees in the private sector.

Other major wage agreements in 1987: The 95,000 metal and mine workers employed in small firms ("Gewerbebetriebe") negotiated a 2.5 percent increase in sector-wide minimum rates and a 1.75 percent hike for the bulk of the work force enjoying above-minimum wage rates. The increases took effect January 1, 1988. Moreover, both sides agreed on a further reduction of the workweek for all workers in this sector to 38.5 hours effective January 1, 1989.

The 160,000 salaried workers employed in large industrial concerns settled for a 2.5 percent increase in the industry minimum and a 1.75 increase for those above the minimum. Wages in the food processing, glass working, and paper industries had a slightly higher increase.

The 22,000 workers in the textile manufacturing industry settled for an increase of 2.7 percent in minimum wages and a 2.2 percent increase in above-minimum wages effective January 1, 1988.

After convincing strike threats by the 10,000 employees in the dairy processing industry, union and industry agreed on a wage increase of 2.2 percent effective November 1, 1987. This was 4.6 percent lower than what the union representatives had asked for initially.

Wage negotiations involving the 60,000 employees in the banking sector were deadlocked for a considerable period. The employers had made wage increases dependent on satisfaction of demands for reduction of their contributions to employee pensions as well as for new arrangements on flexible work time. Effective January 1, 1988,

employees were to receive a 1.9 percent increase plus a lump sum of AS60 per month. For the first time a banking industry agreement will cover 13 months instead of the usual 1 year period. Starting September 1, 1988, the banking workweek will be reduced to 38.5 hours as had been agreed in the 1986 wage negotiations.

The union of chemical workers and the oil industry agreed on an increase of 3.2 percent in minimum wages and 2.25 percent in above-minimum wages effective February 1, 1988.

Reduction of weekly work time

In several statements in the course of last year, the Austrian Trade Union Federation (ATUF) left no doubt that it considered the reduction of the workweek (with full wage compensation) one of its key goals. At its quadrennial congress last October, incoming ATUF President Verzetnitsch made it clear that a leitmotiv of his administration would be the push to achieve an across-the-board introduction of the 35-hour workweek by 1990. In the meantime, the ATUF has reminded its negotiating partner, the Federal Economic Chamber, of its resolve to pursue this aim vigorously.

On the management side there has been no enthusiasm whatsoever for the ATUF's plans. The Federal Economic Chamber argues that, given the shaky state of many Austrian enterprises and the weakness of the Austrian economy overall, the country cannot afford another reduction below the 38 hour weekly level without losing what competitive edge is left. Negotiations on this issue have been deadlocked ever since they made a timid start last November.

Still, 1987 saw a continuation of the general trend toward further reduction of the Austrian workweek. Of the 2.8 million persons employed in Austria, 1,052,250 will be working between 38 and 38.5 hours per week by January 1, 1989.

In accordance with a recently concluded collective bargaining agreement between the small-scale metalworking enterprises ("Metallgewerbe") and industry, the 95,000 blue collar workers and 32,000 salaried employees in the sector move to 38.5 hours by January 1, 1989. This agreement is highly significant since it indicates the first major breakthrough in the small-trades sector ("Gewerbe") which had long resisted labor's effort to cut weekly working hours.

Progress has also been achieved in another sensitive area. The social partners in 1987 worked out agreements to introduce the 38.5-hour workweek for some 280,000 salaried employees and another 60,000 blue collar workers in the retail trades effective January 1, 1989.

Workers in the printing sector were the first in Austria to work less than 40 hours per week starting April 1, 1985.

November 1, 1986 marked a major breakthrough when some 315,000 employees in the metalworking industry went on a 38.5 hour week.

For a list of industries which have gone or will go to 38 or 38.5 hours by January 1, 1989, see Table #3.

Flexible work time

The year of 1987 saw a continuation of the battle between the unions and industry over whether to introduce greater work time flexibility. Employers--especially in the retail sector--raised their voices in favor of greater flexibility arguing it was imperative they be able to react more effectively to seasonal demands and achieve better utilization of fixed capital.

The union leadership, on the other hand, continued to oppose random deregulation of weekly/daily working hours. They conceded that if every enterprise could arrange work hours as it wished, then it would soon become difficult for the unions to monitor the situation, and the employees would be left at the mercy of unilateral decisions on the part of management. The fear was that such arrangements tend to de-couple the work force from union representation that would no longer be in a position to defend its interests. In labor's view, the real objective of flexible work time was to reduce management's costs for overtime hours.

Austria's rigid work time regulations were loosened for the first time in 1985 in a collective bargaining agreement between industry and the metalworkers. This accord provided that weekly work time could be adjusted to between 37 and 40 hours, provided that an average of 38.5 hours was maintained over a 13-week period.

Since then, similar regulations have been passed for workers in the chemical, paper, food, and oil sector.

In December 1987 parliament passed a similar law for the retail sector, which will affect some 340,000 employees. In a trade-off between the social partners, the unions agreed to greater weekly work time flexibility in return for management consent to an across-the-board reduction in the retail sector's weekly work time to 38.5 hours effective January 1, 1989. According to the amendment to the Austrian Work Time Law, retail employees may now work between 36 and 44 hours weekly; provided that an average of 38.5 hours is maintained over a period of 1 year.

Part-time work

The percentage of Austrian employees working in part-time jobs rose from 6.6 percent in 1986 to around 8 percent in 1987. This figure is among the lowest in Western Europe (Norway 28 percent, FRG 12 percent, Italy 5 percent). While only 1 percent of the male work force was employed in part-time jobs, the women's share was considerably higher (15 percent). Austria's moderate wages (a disincentive for part-time work) and the low participation of women in the work force are given as the main reasons for its rank toward the bottom end of West European nations.

The ATUF continues to view part-time work with extreme skepticism. In its view, these new models constitute a hidden form of work time reduction without full wage compensation. It further argues that, in most cases, part-time work entails more intensive work, provides little chance for job promotion, less social security, and tends to isolate (predominantly female) workers within the firm. As with flexible work time models, the ATUF argues for "collective arrangements" covering part-time work.

Store-closing hours

For years Austria's rigid store hours have been at the center of an extensive and often bitter public debate. Shop owners in favor of deregulating hours argue that current store hours, generally between 8/8:30 a.m. and 6/6:30 p.m. weekdays and until noon on Saturday, are inadequate. It is also claimed that, as a tourist country, Austria cannot afford to close its store shutters for the bulk of the weekend. Partisans of change also point to the more liberal regulations in effect almost everywhere else in Western Europe. In addition, the mass exodus of bargain-hunting Austrians to Hungary or West Germany on national/church holidays is another telling argument against the current Austrian practice. Against this, labor claims that lengthened shop hours would mean a deterioration of working and family conditions for retail employees, who, moreover, are among the lowest paid income groups in this country.

Over the years, talks on this subject between the social partners usually ran into a dead end within a very short time. There was some movement, however, late in December 1987 when the constitutional court decreed unconstitutional a regulation punishing shop owners who kept their businesses open on Saturday afternoons. Faced with this court decision and unabated public pressure to change existing hours, the social partners late last year pledged to work toward a consensus on liberalized shop closing regulations by the end of March 1988. Austria's interest in closer integration with the EC might act as an additional catalyst for moves toward more consumer-oriented store hours legislation.

EC integration - a new issue

Although the idea of closer Austrian integration into the EC and specifically the option of full membership became a key public issue in 1987, the Austrian labor community remained largely quiet on this topic. Private comments, however, suggest that the ATUF is following the debate with mixed feelings. Although labor officials have indicated that, in principle, they welcome efforts for closer ties with the EC, there is a good deal of skepticism about the advertised benefits of joining the community. The ATUF is concerned about the impact on their continued ability to affect economic and social legislation as responsibility devolved on Brussels and away from Vienna. The ATUF, particularly its dominant socialist faction, has always been sensitive that Austria maintain its "permanent neutrality".

Voices warning against growing "EC euphoria" point to multiple drawbacks such a move would likely entail. Such drawbacks would particularly affect Austria's heavily subsidized agricultural sector and its basic (i.e., steel) industry. Greater trans-boundary mobility for the European work force is also cited as reason for concern. However, it is expected that traditional worker migration patterns in Europe would not change substantially as a result of the free flow of labor within the EC, and Austria would only marginally be affected. At the same time, the country's advanced social welfare system might be forced to adapt to less developed systems within the EC. There is also fear that Austria's relatively strict licensing policies would have to be loosened to be consistent with EC norms. The food processing union has pointed out that Austria's comparatively strict food quality requirements would be undermined if EC food products were allowed to enter the Austrian market without restriction. Job market authorities have warned that, given Austria's high level of employer-paid wage compensation, businesses might be induced to transfer plants to low-wage countries of the EC. Tax experts note that the country's high v.a.t. system would have to conform to the (lower) levels of the other EC countries.

The unions are also drawing attention to the possible effects on Austria's sheltered industries, particularly the country's monopolies, of more liberal access for foreign multinational companies. The upshot is that while the ATUF has acknowledged the need for Austria to move closer to the EC market, there is an awareness of possible downside risks as well. With this in mind, in 1987 the ATUF established an interunion task force to assess the likely consequences of joining the EC or of staying out. The task force was to report its findings in July of 1988.

INTERNAL TRADE UNION DEVELOPMENTS

Political parties in the ATUF

In principle, the ATUF is an entirely independent organization with no official connection to the political parties. Some Austrian parties have their respective party organizations within the ATUF, namely the FSG (Faction of Socialist Unionists), the FCG (Faction of Christian Unionists), a branch organization of the Austrian People's Party, and the Communists under the acronym GLB "Gerwerkschaftlicher Linksblock". (The GLB is the pro-Moscow organization left over after the secession of a splinter group in the wake of the Soviet invasion of Czechoslovakia in 1968). Of the 15 federated unions, the Socialists hold top positions in 14, and the FCG controls the civil service union. Following the most recent ATUF board elections, the FSG holds a clear majority with 56 members, the FCG has 8, and the Communist Faction (GLB) 2 seats. The various affiliated/co-opted organizations such as the Catholic workers organization, the Labor Unity ("Gewerkschaftliche Einheit", which is the Communist dissident spin-off of the orthodox communist labor organization GLB after 1968), the union of nonpartisan shop stewards, and the union of Freedom Party employees send one member each to the board. In the new Austrian parliament elected in November 1986, 33 out of the total of 183 lower house deputies are also union officials.

Membership

The degree of unionization in Austria traditionally has been among the highest in Europe, averaging 60.8 percent in 1987. Membership is voluntary and is not limited to Austrian citizens.

Total membership at the end of 1987 was reported as 1,652,839, 1.1 percent lower than in 1986, with 69.1 percent men and 30.9 percent women. The loss of 18,000 members in 1987 was a result of structural adaptation processes in Austria. The ATUF's 15 constituent unions are Austria's only trade union organizations.

As can be seen from figures quoted above, Austrian labor has not been entirely immune to the following factors that have meant declining membership in most nations of the industrialized world:

- rising unemployment and resulting anger over union failure to secure jobs have prompted some workers to resign their union membership;
- technological change and rationalization have decreased the number of labor-intensive sectors, creating a drift to small- and medium-size enterprises which traditionally have a lower degree of unionization;

- in general, the prolonged crisis of the nationalized industry and continuing layoffs have substantially shaken the hitherto unreserved trust of the work force in Austria's union movement;

- widespread criticism of the ATUF can also be seen in a poll conducted by the independent IMAS polling institute (November 1987) which revealed that more than 50 percent of Austrian workers do not feel that the ATUF is adequately representing their interests to the full.

This negative trend was recognized by the ATUF as early as 1987. Realizing that the services sector employment was steadily increasing without a corresponding hike in union membership in the relevant unions, the ATUF decided to merge the union of the hotel workers and that of personal services employees. In the face of dwindling opportunities in areas of traditional labor strength, the ATUF was making efforts to recruit new members among such different groups as the unemployed and pensioners, as well as high school and university students. A proposal to intensify its endeavors in these areas was launched at the 11th congress in October 1987 and stands a good chance of being implemented. Because of demographic trends and changes in the structure of the work force, it remains to be seen how successful these efforts will be.

New ATUF leadership

At the 11th ATUF congress in Vienna in October 1987, Anton Benya, long the dominant figure on the Austrian labor scene, stepped down, handing over the torch to 42-year old Fritz Verzetnitsch. Initially a dark horse, Verzetnitsch had been nominated as Benya's successor by the Socialist faction on January 27, 1987, after a deadlock between the two favored successors, Social Affairs Minister Alfred Dallinger (SPO) and "Arbeiterkammer" (Chamber of Labor) president Adolf Czettel (SPO).

Verzetnitsch's election was widely welcomed as a good choice by all the social partners, a fact which augured well for the ATUF leadership, promising a smooth continuation of social partnership in Austria.

Karl Drochter and Herbert Tumpel were elected new ATUF executive secretaries. Tumpel follows Alfred Stroer, who resigned from this post after managing the ATUF's financial affairs for 28 years. Drochter fills the seat vacated by new ATUF President Verzetnitsch. Members of the ATUF Presidium are: Alfred Dallinger, Josef Hesoun, Rudolf Nuernbeger, Rudolf Poeder, Hilde Seiler, Rudolf Sommer, and Herbert Tumpel. Former ATUF Vice President Roman Rautner (head of the construction and woodworkers union) resigned.

Change in FCG leadership: The FCG elected Rudolf Sommer its new chairman on October 3, 1987. Sommer took over the post from OVP Defense Minister Robert Lichal, who had held this job since December 1985. Sommer's election was not uncontested or noncontroversial, as he had to enter into a run-off vote against OVP MP Ingrid Korosec and the central secretary of the Salaried Worker's Union, Hans Klingler. (Klingler, a dedicated exponent of human rights in Latin America and a voice of reason against pro-Sandinista sentiments sometimes heard on the left of the ATUF and the SPO, died suddenly in July of 1988.)

Expectations that the OVP-affiliated Christian Unionists would follow the example of the ATUF and bridge the generation gap by picking a young successor to Lichal did not materialize.

Sommer called for "new thinking" within the SPO-dominated ATUF and expressed his resolve to fight for a greater voice for the conservative faction within the federation. (The minority FCG has been trying for years to break what it views as the ATUF's rigid, hierarchical system and to replace this with a more democratic structure). The FCG has 226,616 members currently. Since 1983 it has raised its number of shop stewards to over 1,500 currently.

FSG reelects Czettel: Adolf Czettel (also President of the "Arbeiterkammer" or Chamber of Labor) was reelected head of the FSG on October 3, 1987. His deputies are Harald Ettl (textile workers union), Erwin Holzbauer (chemical industry union) and Hans Schmoelz (head of railway workers union). Karl Drochter, one of ATUF's new executive secretaries, was also elected FSG secretary, replacing the late Erich Hofstaetter.

Strikes in 1987

The number of strikes dropped from 11 in 1986 to 6 in 1987. But, because of a 1-day "warning strike" by judges and public prosecutors and two such strikes by university professors, the number of workers on strike, as well as the total time lost to work stoppages, increased.

Strikes involved a total of 7,203 workers (1986: 3,222) and accounted for 38,575 lost hours (1986: 36,023 hours). The length of the average strike was 5 hours and 21 minutes (1986: 8 hrs, 4 minutes). In 1987 0.25 percent of the total work force participated in strikes (1986: 0.12 percent). Strike time per worker (relative to Austria's total work force) amounted to 83 seconds (1986: 33.7 seconds).

Apart from the strikes in the civil service union (1,900 judges and public prosecutors and 1,862 university teachers), strikes affected the Salaried Employees Union (1 warning strike involving 1,069 employees), the Metal Workers Union (2,345 workers) and the Construction Union (27 workers).

All strikes were endorsed by the ATUF. Only 3.9 percent of strike hours were lost because of wage demands; all others were motivated by layoffs, planned enterprise moves, cuts in fringe benefits, government austerity measures, or wage reductions. In terms of the hours involved, 3.9 percent of strikes in 1987 were successful, 71.7 percent brought partial success, and 24.4 percent, no success at all.

INTERNATIONAL ACTIVITIES OF THE ATUF

As usual, the Austrian unions were active on the international labor scene with frequent exchanges of visits and attendance at major international labor events. In terms of its international focus, the ATUF devoted special attention to the situation in Chile and in Central America, particularly El Salvador and Nicaragua.

Conferences in Austria

The International Federation of Journalists' (IFJ) Committee on Copyright-related Issues held a working meeting in Vienna January 24-25, 1987.

The outlawed Chilean union federation "CUT" held its international advisory committee meeting in Vienna on February 14-15, 1987. Delegates from Chile and exiled Chilean unionists participated. Ariel Urrutia, member of the metalworkers union, reported on the situation in his country.

In connection with the CSCE follow-up conference in Vienna, the Austrian "Union of Art, Media and Free Professions" held a meeting in Vienna which started on October 30, together with the International Journalists Federation (Brussels) and the International Journalists Organization (Prague) on "Journalism and National Security Needs". The 23 countries participating agreed on a list of demands sponsored by Austria for presentation to the CSCE forum. One of the key demands was easier and equal access by foreign journalists to national information sources. A third meeting--after Helsinki (1985) and Vienna (1987)--was planned for 1989 in Warsaw.

Attendance at Foreign Labor Events

Soviet Union: ATUF President Anton Benya headed an Austrian delegation to the 18th congress of the Soviet labor unions in Moscow on February 24-28.

Bulgaria: The ATUF's international secretary Karl Heinz Nachtnebel represented the federation at the 10th congress of the Bulgarian labor unions in Sofia on April 7-10, 1987.

ILO Conference in Geneva: Social Affairs Minister Alfred Dallinger and ATUF President Anton Benya were at the opening of the 73rd conference of the ILO in Geneva June 3-23, 1987. ATUF executive Dr. Heribert Maier was one of the three vice presidents of the conference and was elected member of the ILO's administrative council for a 3-year term.

New ATUF President in Moscow: ATUF President Fritz Verzetnitsch attended the seventieth anniversary events of the Russian revolution in Moscow last November. Verzetnitsch was responding to an invitation from the All Union Council of the Soviet unions. In the talks with Soviet labor leaders, both sides stressed the good relations existing between the Austrian and the Soviet organizations and discussed bilateral economic relations. Both sides made a commitment to deepen bilateral relations and to work toward further detente and peaceful coexistence.

Denmark: Karl Heinz Nachtnebel, ATUF international secretary, represented the ATUF at the thirty-first congress of the Danish labor unions November 2-6, 1987.

Solidarity Events

Turkey: In January, the "DISC" solidarity committee in Austria led by exiled "DISC" unionists Halit Erdem, Ekber Soeylemez, and Baki Kaya, together with the International Confederation of Free Trade Unions (ICFTU), protested against the prohibition of "DISC" by the Turkish Government.

On February 13-15, ATUF International Secretary Karl Heinz Nachtnebel attended a solidarity event sponsored by the ICFTU, the European Trade Union Confederation (ETUC), and the World Confederation of Labor (WCL) to protest against the suppression of human and union rights in Turkey.

Nicaragua: Early in March 1987 the ATUF organized various "information events" on Nicaragua in Vienna and Salzburg.

El Salvador: On March 25 Alfredo Respresa from the Salvadoran Industrial Workers Union spoke at an event in Vienna organized by the ATUF.

Chile: On the occasion of ATUF executive secretary Alfred Stroer's retirement, members of the Chilean exile union "CUT" in Vienna thanked Stroer for the support he and the ATUF had lent to exiled Chilean unionists since the military putsch in 1973.

Bilateral

Hungary: The annual working meeting between the ATUF and the Hungarian union federation SZOT was held in Vienna February 6-7, 1987. ATUF President Benya and SZOT Chairman Sandor Gaspar participated. Both sides discussed intensified exchange of information on the political and economic situation in their respective countries as well as on labor's contribution to detente.

In March 1987 the journalists' chapter in Austria's "Art, Media and Free Professions Union" signed a protocol with the Hungarian federation of journalists on the resumption of mutual contacts. The main goal was the promotion of cooperation and dialogue between the various European journalists federations in line with the final act of CSCE.

Yugoslavia: Responding to an ATUF invitation, a delegation of the Slovene labor union met with local ATUF officials in the province of Carinthia in July 1987. Both sides discussed bilateral issues, focusing on the situation of Yugoslav "Gastarbeiter" in Austria and the situation of the Slovene-speaking minority in the province of Carinthia.

Israel: Early in December 1987, members of Austria's union youth met with visiting students from Israel who had been invited to Austria by the Austro-Israeli society. Key topics were the Waldheim affair, the holocaust, and societal problems in Austria and Israel.

Miscellaneous

Former Austrian SPO Chancellor Kreisky, who chairs the "commission for job issues in Europe", presented an intermediary report focusing on the rise of unemployment in developed countries. The organization was founded at the initiative of the ETUC.

Walter Bacher, central secretary of the "Arts, Media and Free Professions Union" within the ATUF, was elected Vice President of the ILO Commission on Problems of Copyright.

ATUF Development Aid to El Salvador and Chile

The ATUF continued its ideological and (limited) material support to democratic labor movements in El Salvador and Chile. According to conservative labor activist Hans Klingler of the Salaried Workers Union, Austria's OVP-affiliated union chapter spent some US\$15,000 in aid to these countries in 1987. For 1988 Klingler hoped to raise US\$50,000. No figures were available about official ATUF aid to Latin American countries.

Table 1

Living standards

According to an international survey published by the Austrian Statistics Bureau comparing the standard of living in 184 countries with a population of over 1 million, Austria ranked 15th. See table below for comparison:

Austria = 100

United Arab Emirates	209
U.S./Switzerland	179
Kuwait	156
Norway	152
Canada	149
Sweden	130
Japan	124
Denmark	123
Finland	119
Australia	118
France	104
Netherlands	100
Austria	100
UK	92
Belgium	92
Italy	72
Spain	48
Greece	39
Poland	23
Yugoslavia	23
Portugal	22
Hungary	21

(Source: Federal Statistics Bureau)

Table 1 (continued)

Progress in Living Standard

Increase of personal spending per capita (minus increase of prices)
=improvement in standard of living between 1983 and 1987:

	<u>Pct</u>
UK	30
Norway	18
U.S.	16
FRG	14
Japan	12
Italy	12
Austria	11
Sweden	10
Switzerland	9
Spain	8
France	8

(Source: Austrian Bureau of Statistics.)

Table 2

Austria: Collective Bargaining Results in 1987

Percent
Increases

<u>Category</u>	<u>Ind. Wide Min. Wages</u>	<u>Above-Min. Wages</u>	<u>Eff. Date</u>
Civil Servants	1.8	*	July 1, 1988
<u>Blue Collar Workers:</u>			
Paper processing industry	1.7	1.7	March 1, 1987
Textile industry	3.5	2.8	April 1, 1987
Construction ind.	2.4-3.2	*	May 1, 1987
Chemical industry	3.2	2.25	Febr. 1, 1987
Metal ind. (large cos.)	2.8	1.5	November 1, 1987
---, (smaller cos.)	2.5	1.75	January 1, 1987
<u>White-Collar Workers:</u>			
Ins. employees	3.98	3.98	January 1, 1987
Textile industry	2.7	2.2	January 1, 1988
Metal industry	2.5	1.75	November 1, 1986
Retail & wholesale	3.5	*	January 1, 1987
	2.0	*	January 1, 1988
Bank employees	1.9 + AS60	*	January 1, 1988
Dairy employees	2.2	*	November 1, 1987

*No provisions concerning above-minimum wages were contained in the collective bargaining contract.

Source: Austrian Trade Union Federation (ATUF)

Table 3

Reduced Workweek Agreements to have
been put into effect by January 1, 1989

SECTORS (WORKERS)	HOURS	EFFECTIVE DATE
Sugar industry (2,300)	38.5 average	Jan. 28, 1985-Dec. 31, 1986
Small-scale printing (20,000)	38	April 1, 1985
Milling industry (2,300)	38	January 1, 1986
Oil industry (8,500)	38	January 1, 1986
Mineral oil, ret. (700)	38	February 1, 1986
Fat processing industry	38.5	March 1, 1986
Private ins. (15,000)	38.5	October 1, 1986
Tobacco ind. (1,500)	38	October 1, 1986
Metal & mining (315,000)	38.5	November 1, 1986
Electronics (19,500)	38.5	November 1, 1986
Candy industry (5,000)	38.5	January 1, 1987
Fruit/veg. & frozen food industry (3,000)	38.5	January 1, 1987
Newspaper employees (4,000)	38	April 1, 1987
Paper process. (10,500)	38	March 1, 1987
Chemical ind. (57,000)	38	May 1, 1987
Paper producing (15,000)	38	May 1, 1987
Dairy industry (10,500)	38.5	May 1, 1987
Bank employees (60,000)	38.5	September 1, 1988
Media employees (3,000)	38	July 1, 1988
Cardboard producing ind.	38	January 1, 1988
Coffee industry (900)	38.5	October 1, 1988
Construction material industry (16,000)	38.5	November 1, 1988
Retail trade (340,000)	38.5	January 1, 1989
Metal ind. (small bus.) (127,000)	38.5	January 1, 1989
Glass working (8,000)	38	January 1, 1989
Travel agencies (5,000)	38.5	January 1, 1989

Total: 1,052,250 employees

Source: Austrian Trade Union Federation (ATUF)

Table 4

Annual hours worked (excluding absences from work) in
industry in 1986:

FRG	1,716	
Norway	1,740	
Austria	1,743	
Netherlands	1,748	
Denmark	1,756	
France	1,771	
UK	1,778	
Spain	1,800	
Greece	1,840	
U.S.	1,912	
Switzerland	1,913	
Portugal	2,025	
Japan	2,138	(including absences from work)

(Source: Austrian Statistics Bureau)

Table 5

Austrian Trade Union Federation:
Membership of Affiliated Unions (December 1987)

Trade Union	Membership	Change
1. Union of Salaried Clerical, Commercial & Technical Employees	344,382	-3,735
2. Metal-Mining-Energy Union	245,122	-5,990
3. Public Service Employees' Union	227,151	+ 823
4. Construction & Woodworkers' Union	184,224	- 137
5. Municipal Employees' Union	166,984	-2,144
6. Railroad Personnel Union	115,731	-1,290
7. Post & Telegraph Services Employees' Union	77,485	+ 704
8. Chemical Workers' Union	58,010	- 262
9. Textile, Garment & Leather Workers' Union	43,709	-3,151
10. Hotel-Restaurant-Personal Services Union	50,867	- 926
11. Food, Beverage & Tobacco Workers' Union	42,404	- 495
12. Commerce, Transport & Traffic Workers' Union	37,385	- 775
13. Printing & Allied Trades Union	23,005	- 471
14. Agricultural & Forestry Workers' Union	18,805	- 343
15. Union of Personnel in Arts, Media & Free Professions	17,575	- 186
Total	1,652,839	-18,378

Source: Austrian Trade Union Federation Membership Statistics
December 31, 1987

Table 6

Average hourly earnings in major manufacturing groups:
(large enterprises only, as of end September 1987)

Overall, average hourly earnings in major industries amounted to AS88.36, which is 5.2 percent more than in 1986. In real terms, i.e., considering inflation (1.4 percent in 1987), wages increased 3.1 percent.

<u>Mining and Iron production</u>	<u>Minimum Wage</u>	<u>Above-minimum Wage</u>
Coal and iron ore mining	AS63.32	94.03
Iron working		
<u>Quarry & ceramic industry</u>		
Brick industry	AS62.11	74.01
Concrete industry	AS66.01	83.33
Quarry industry	AS63.96	78.93
<u>Glass industry</u>		
Hollow glass industry	AS67.18	79.34
Flat-glass industry	-----	-----
Glass processing industry	AS53.75	65.20
<u>Chemical industry</u>	67.08	95.54
<u>Pulp & Paper Industry</u>		
Pulp & paper industry	73.89	90.63
Confection paper industry	59.05	71.60
Cardboard, carton industry	56.94	68.53
Corrugated paper industry	66.51	77.77
Bookbinding industry	56.92	62.72
<u>Wood Industry</u>		
Sawmill industry	61.34	71.58
Wood processing industry	58.79	75.45

Food and beverage industry

Bread industry	72.95	77.85
Vinegar & alcoholic beverages industry	57.25	64.75
Fish industry	51.67	53.27
Meat industry	67.88	75.02
Animal feed industry	60.01	78.70
Coffee industry	58.03	67.61
Nonalcoholic drink industry	61.04	74.92
Milk & cheese industry	68.84	76.75
Flour industry	80.71	93.18
Fruit juice industry	-----	-----
Noodle industry	57.87	64.43
Fruit & vegetable processing industry	59.94	72.33
Edible fat industry	77.86	115.07
Candy industry	59.18	67.55
Other food industries	-----	74.23
Brewery industry		
(smaller companies		
- 12,000 hectoliters)	76.83	82.49
(larger companies)		
- 12,000 hectoliters & above)	84.35	95.18

Shoe industry 42.86 61.51

Leather goods industry 41.08 60.56

Iron & metal processing industry 61.91 84.33

Foundry industry	60.40	85.33
Metal industry	62.72	85.35
Machinery and steel construction	64.93	87.76
General machinery industry	64.15	84.30
Construction machinery	65.50	91.73
Vehicle industry	65.31	95.83
Hardware industry	59.06	78.07

Electronic industry 59.87 80.42

Textile industry 49.72 66.86

Laundry industry 43.57 54.64

Sportswear industry 43.27 51.82

Construction industry 69.83 85.69

Source: Federal Economic Chamber ("Bundeswirtschaftskammer")

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